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**U.S. District Court**  
**DISTRICT OF ARIZONA (Phoenix Division)**  
**CIVIL DOCKET FOR CASE #: 2:08-cv-00001-HRH**  
**Internal Use Only**

U.S. PATENT &amp; TRADEMARK OFFICE

Direct Response Corporation et al v. LPL Licensing, L.L.C.  
et al

Assigned to: Judge H Russel Holland  
Cause: 28:2201 Declaratory Judgement

Date Filed: 01/02/2008

Jury Demand: None

Nature of Suit: 830 Patent

Jurisdiction: Federal Question

**Plaintiff**

**Direct Response Corporation**  
*a Delaware corporation*

Pat. # 5,987,434

6,999,938

represented by **Robert Mackenzie**

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**Response Worldwide Insurance**  
**Company**  
*a Connecticut corporation*

represented by **Robert Mackenzie**

(See above for address)

**LEAD ATTORNEY****ATTORNEY TO BE NOTICED****Michael P Shiaras**

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**ATTORNEY TO BE NOTICED**

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Response Worldwide Insurance Company, and  
Warner Insurance Company

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**Plaintiff**

**Warner Insurance Company**  
*a Connecticut corporation*

represented by **Robert Mackenzie**  
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V.

**Defendant**

**LPL Licensing, L.L.C.**  
*a Delaware limited liability company*

**Defendant**

**Phoenix Licensing, L.L.C.**  
*an Arizona limited liability company*

Date Filed	#	Docket Text
01/02/2008	<u>1</u>	COMPLAINT. Filing fee received: \$ 350.00, receipt number 09700000000001636390, filed by Direct Response Corporation. (Attachments: # <u>1</u> Exhibit A, Patent 5,987,434, # <u>2</u> Exhibit B, Patent 6,999,938, # <u>3</u> Exhibit C, First Amended Complaint in Texas Action, # <u>4</u> Summons Summons to Defendant LPL Licensing, LLC, # <u>5</u> Summons to Defendant Phoenix Licensing, LLC)(Mackenzie, Robert) (Entered: 01/02/2008)
01/02/2008	<u>2</u>	Corporate Disclosure Statement by Direct Response Corporation. (Mackenzie, Robert) (Entered: 01/02/2008)
01/02/2008	<u>3</u>	Additional Attachments to Main Document re <u>1</u> Complaint, <i>Civil Cover Sheet</i> by Plaintiff Direct Response Corporation. (Mackenzie, Robert) (Entered: 01/02/2008)
01/02/2008		This case has been assigned to the Honorable H. Russel Holland. All future pleadings or documents should bear the correct case number: CIV-08-1-PHX-HRH. (HLA) (Entered: 01/03/2008)

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9 Attorneys for Plaintiffs Direct Response  
Corporation, Response Worldwide Insurance  
10 Company and Warner Insurance Company

11 **IN THE UNITED STATES DISTRICT COURT**  
12 **FOR THE DISTRICT OF ARIZONA**

13 Direct Response Corporation, a  
Delaware corporation, Response  
14 Worldwide Insurance Company, a  
Connecticut corporation, and Warner  
15 Insurance Company, a Connecticut  
corporation,

16 Plaintiffs,

17 vs.

18 LPL Licensing, L.L.C., a Delaware  
limited liability company, and Phoenix  
19 Licensing, L.L.C., an Arizona limited  
20 liability company,

21 Defendants.  
22

No. CV-08-01

**COMPLAINT FOR  
DECLARATORY RELIEF**

1           1.     Plaintiffs Direct Response Corporation ("DRC"), Response  
2 Worldwide Insurance Company ("Response Worldwide"), and Warner  
3 Insurance Company ("Warner") (collectively "Response") allege as follows for  
4 their Complaint for Declaratory Relief against Defendants LPL Licensing,  
5 L.L.C. ("LPL") and Phoenix Licensing, L.L.C. ("Phoenix") (together, "the LPL  
6 Parties"):

7           2.     DRC is organized and existing under the laws of the state of  
8 Delaware, with its principal place of business located at 500 South Broad  
9 Street, Meriden, Connecticut 06450, and is the corporate parent of, *inter alia*,  
10 plaintiffs Response Worldwide Insurance Company and Warner Insurance  
11 Company.

12          3.     Response Worldwide is a property and casualty insurer organized  
13 and existing under the laws of the state of Connecticut, with its principal place  
14 of business located at 500 South Broad Street, Meriden, Connecticut 06450.  
15 Response Worldwide is licensed to transact insurance in the state of Arizona.

16          4.     Warner is a property and casualty insurer organized and existing  
17 under the laws of the state of Connecticut, with its principal place of business  
18 located at 500 South Broad Street, Meriden, Connecticut 06450. Warner is  
19 licensed to transact insurance in the state of Arizona.

20          5.     On information and belief, LPL is a Delaware limited liability  
21 company having a principal place of business at 10947 East Lillian Lane,  
22 Scottsdale, Arizona 85255.

1           6.     On information and belief, Phoenix is an Arizona limited liability  
2 company having a principal place of business at 10947 East Lillian Lane,  
3 Scottsdale, Arizona 85255.

4           7.     This is an action under the Federal Declaratory Judgment Act, 28  
5 U.S.C. §§ 2201-2202, for an order declaring that U.S. Patents No. 5,987,434  
6 ("the '434 Patent") and No. 6,999,938 ("the '938 Patent") (collectively "the  
7 patents-in-suit") are not valid or enforceable, and that, in the alternative,  
8 Response has not infringed any claim of either patent. True and correct  
9 copies of each of the patents-in-suit are attached hereto as Exhibits A and B.

10          8.     This Court has subject matter jurisdiction because Response's  
11 claims present a federal question, and because its claims arise under an Act of  
12 Congress relating to patents. 28 U.S.C. §§ 1331, 1338(a).

13          9.     Venue is proper in this Court because both defendants  
14 (hereinafter collectively "the LPL Parties") reside in this judicial district. 28  
15 U.S.C. § 1391.

16          10.    On information and belief:

- 17               • Phoenix is the assignee of the patents-in-suit;  
18               • LPL has the exclusive right to license the patents-in-suit;  
19               • LPL has at all times acted in concert with or with the approval  
20               of Phoenix; and  
21               • The patents-in-suit relate to apparatuses and methods for  
22               transacting, marketing, and selling financial products.

1           11. The LPL Parties have asserted that various activities of Response  
2 in offering and marketing financial products and services infringe the patents-  
3 in-suit.

4           12. In a July 12, 2006 letter to Response Worldwide's General  
5 Counsel, a lawyer for LPL stated that Response Worldwide would need to  
6 obtain a license with respect to one or more patents held by LPL. In letters  
7 dated September 18, 2006 and December 4, 2006, LPL repeated its assertion  
8 that Response Worldwide's activities were infringing various claims of the '938  
9 Patent and possibly of other patents held by LPL, and continued to offer a  
10 license regarding its patents to Response Worldwide.

11           13. In a January 12, 2007 letter, LPL's lawyer advised Response  
12 Worldwide that LPL had recently concluded a license agreement with "yet  
13 another giant within the financial services industry," asserted that Response  
14 Worldwide was infringing various claims of the '938 and '434 Patents, and  
15 again offered to provide license terms to Response Worldwide.

16           14. On July 10, 2007, State Farm Mutual Automobile Insurance  
17 Company ("State Farm") filed a declaratory-judgment complaint in this Court,  
18 asserting that State Farm did not infringe the patents-in-suit or U.S. Patent No.  
19 6,076,072 (the "'072 Patent"), and that the three patents at issue in that action  
20 are invalid and unenforceable. *State Farm Mut. Automobile Ins. Co. v. LPL*  
21 *Licensing, L.L.C., et al.*, No. 2:07-cv-01329 (D. Ariz., filed July 10, 2007).  
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1           15.    On August 31, 2007, more than seven weeks after State Farm  
2 filed its declaratory judgment complaint in this Court, the LPL Parties filed suit  
3 in the U.S. District Court for the Eastern District of Texas against Response,  
4 State Farm, and numerous other entities. *See Phoenix Licensing, L.L.C., et al*  
5 *v. Chase Manhattan Mortgage Corp., et al.*, No. 2:07-cv-00387 (E.D. Tex., filed  
6 Aug. 31, 2007) ("the Texas Lawsuit"). In that action, the LPL Parties allege  
7 that various activities of Response infringe the '434 and '938 Patents. The  
8 First Amended Complaint in the Texas Lawsuit is attached hereto as Exhibit C.

9           16.    Response denies that it infringed or infringes any valid claim of  
10 the patents-in-suit.

11           17.    In view of the facts and circumstances presented here – including  
12 (1) LPL's assertions that Response has infringed the patents-in-suit, (2) LPL's  
13 demands that Response pay royalties based upon identified activities of  
14 Response, (3) the LPL Parties' patent infringement lawsuit against Response  
15 in the Eastern District of Texas, and (4) Response's contention that it has the  
16 right to engage in the alleged activities without obtaining a license from LPL –  
17 an actual and justiciable controversy exists between Response and the LPL  
18 Parties concerning whether Response infringed or infringes any valid claim of  
19 the patents-in-suit. Accordingly, Response now seeks a declaratory judgment  
20 that the patents-in-suit are invalid, or, alternatively, that it did not and does not  
21 infringe the patents-in-suit.



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18. Response incorporates by reference paragraphs 1 through 17 above as if set forth in their entirety herein.

19. Response cannot be liable for infringement of the '434 Patent because the claims constituting that patent are invalid under one or more provisions of 35 U.S.C. §§ 101, 102, 103, and 112.

20. Response has not infringed and is not infringing – whether directly, indirectly, contributorily, by active inducement, or otherwise – any valid claim of the '434 Patent as properly construed.

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21. Response incorporates by reference paragraphs 1 through 20 above as if set forth in their entirety herein.

22. Response cannot be liable for infringement of the '938 Patent because the claims constituting that patent are invalid under one or more provisions of 35 U.S.C. §§ 101, 102, 103, and 112.

23. Response has not infringed and is not infringing – whether directly, indirectly, contributorily, by active inducement, or otherwise – any valid claim of the '938 Patent as properly construed.

**PRAYER FOR RELIEF**

WHEREFORE, for the reasons stated herein, Response respectfully requests that the Court enter a Judgment in its favor, as follows:

a. Declaring that Response has not infringed and is not infringing any valid claim of either of the patents-in-suit;

b. Declaring that all claims of each of the patents-in-suit are invalid;

c. Declaring that this matter constitutes an exceptional case under 35 U.S.C. § 285, and that an award to Response of its attorneys' fees and other legal expenses in connection with this matter is warranted; and

d. Awarding Response such other and further relief as the Court may deem just and proper.

DATED January 2, 2008.

JUNKER & SHIARAS, P.C.

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